

Chapter SEC 1

TITLE AND DEFINITIONS

SEC 1.01 Short title

SEC 1.02 Definitions

SEC 1.01 Short title. These rules shall be known and may be cited as the "rules of the commissioner of securities."

History: Cr. Register, December, 1969, No. 168, eff. 1-1-70.

SEC 1.02 Definitions. In ch. 551, Stats., and chs. SEC 1 to 37 and unless the context otherwise requires:

(1) With respect to advertising as defined in s. 551.02 (1), Stats.:

(a) "Publication" means advertising printed in any newspaper, magazine, periodical or other publication and mailed or delivered to its subscribers or addressees, or communicated by radio, television or similar means;

(b) "Circulation" means advertising mailed, delivered or communicated in substantially similar form to more than 10 persons in this state (exclusive of persons exempt under s. 551.23(8), Stats.), except with respect to s. 551.23(10), Stats., more than 15 persons (exclusive of persons exempt under s. 551.23(8), Stats.); and

(c) "Use" means any other use of advertising.

(2) "Broker-dealer" as defined in s. 551.02 (3), Stats., does not include:

(a) A pension or profit sharing trust, when affecting transactions for its own account; or

(b) A licensed investment adviser when placing orders for the accounts of its clients in accordance with rules prescribed by the commissioner, provided that no commission or other remuneration is received by the investment adviser solely for placing the orders.

(3) "Purchase" of a security includes every purchase, acquisition or exchange, and every contract of purchase of, or contract to purchase, a security or interest in a security for value.

(4) An "offer" within the meaning of s. 551.02(11) (b), Stats., is involved, so far as the security holders of an issuer are concerned, if there is submitted to the vote of the security holders a proposal, plan or agreement for:

(a) A reclassification of securities of such issuer which involves the substitution or exchange of a security for another security;

(b) A statutory merger or consolidation in which securities of the issuer will become or be exchanged for securities of any other issuer;

(c) A transfer of assets of the issuer to another person in consideration of the issuance of securities of the other person or any of its affiliates; or

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(d) A sale of securities of the issuer to another person in consideration of the issuance or transfer to such issuer of securities of the other person or any of its affiliates.

(5) "Transact business" as used in s. 551.31 (1) and (3), Stats., includes the solicitation of a person to become a customer, client or subscriber.

(6) "Investment contract" as used in s. 551.02 (13) (a), Stats., includes:

(a) Any investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor. In this subsection, a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with and dependent upon the efforts and successes of those seeking the investment or of a 3rd party; and

(b) Any investment by which an offeree furnishes initial value to an offeror, and a portion of this initial value is subjected to the risks of the enterprise, and the furnishing of the initial value is induced by the offeror's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind over and above the initial value will accrue to the offeree as a result of the operation of the enterprise, and the offeree does not receive the right to exercise practical and actual control over the managerial decisions of the enterprise.

(7) "Branch office" means any branch office, sales office or office of supervisory jurisdiction registered under the rules of any national securities exchange or national securities association of which the broker-dealer is a member, or any place of business in this state of 3 or more licensed agents other than agents licensed for a broker-dealer as a result of the application of s. SEC 4.05(8).

History: Cr. Register, December, 1969, No. 168, eff. 1-1-70; r. and recr., Register, August, 1972, No. 200, eff. 9-1-72; am. (1), r. and recr. (4) and (5), cr. (6) and (7), Register, December, 1977, No. 264, eff. 1-1-78; am. (1) (intro.), (2) (b) (4) and (6) (a), Register, December, 1980, No. 300, eff. 1-1-81; am. (7), Register, December, 1983, No. 336, eff. 1-1-84.